DELIVER BETTER OUTCOMES WITH ETHICAL PROCUREMENT

Decrease risk and increase competitive advantage by minimising the social and environmental impacts of IT sourcing
BUILDING A MORE SUSTAINABLE FUTURE FOR YOUR BUSINESS

Boost reputation and revenue with a stronger track record in corporate social responsibility

From worker safety and slave labour to air pollution and the utilisation of plastics, the expectations and commitments around corporate social responsibility (CSR) are growing. Taking action is not enough - organisations also need to prove how they are improving their performance.

Investors, employees, customers and partners are all demanding greater transparency around social and environmental impacts, which have become key factors in the decision-making process. For example, 75% of organisations use CSR data when selecting new suppliers. Ethical procurement is an important CSR indicator, and competitive differentiator, with 63% of organisations citing brand reputation as a critical driver for investing in sustainable procurement.

Yet implementing, and maintaining, ethical procurement practices remains a challenge for many organisations, with 57% citing issues with internal resources and 33% facing cost concerns. But these are challenges that organisations need to overcome - and quickly.

A poor CSR record can not only impact reputation but also revenue by destabilising growth and competitive advantage. To drive sustainable growth, organisations need to help build a more sustainable world.

48% of consumers would pay a premium for products that come from a supply chain they believe is well managed.

97% of organisations consider sustainable procurement important or critically important.

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KEY PILLARS OF ETHICAL PROCUREMENT

- Protection of human rights
- Compliance with ethical labour practices
- Reduction of environmental impacts
- Adoption of fair operating practices
- Support for local communities
Chain Reaction

As corporate social responsibility has matured, organisations need to not only understand their own impacts but also the impacts of their suppliers. But today’s global supply chains make that difficult – especially in the IT sector when a single product can feature multiple components from multiple vendors.

Only 15% of organisations report having complete supply chain visibility into the CSR and sustainability performance of their tier one and two suppliers. And that number drops even further when tier three suppliers are included.

Yet it’s often at this tier three level where the greatest risks can occur. With suppliers dispersed across the globe, achieving transparency so deep into the supply chain can quickly become both complex and costly.

The number of organisations struggling to track supplier sustainability performance has tripled in the space of four years. And this challenge is only going to intensify as digitalisation and the Internet of Things expand organisations’ IT ecosystems.

Tracking supplier performance is just one piece of the ethical procurement jigsaw puzzle; organisations also need to ensure the integrity and efficiency of the products being purchased.

As the number of IT devices and suppliers continues to rise, organisations need to ensure their ethical procurement policies and processes can scale without compromising CSR performance or business outcomes.

Ethical procurement principles need to scale to support an increasingly complex IT supply chain.

6% of organisations have full supply chain visibility into the CSR and sustainability performance of tier three suppliers and beyond.
Do your IT products pass the test?

There are a number of industry certifications that can be used to evaluate the environmental, social and ethical credentials of IT products and providers. These are some of the key standards and schemes to watch out for:

**EcoVadis**
Used by a number of IT vendors to assess the CSR credentials of the suppliers that contribute to the manufacture of their products, EcoVadis ratings and scorecards cover a range of issues, including sustainable procurement, labour and human rights, and environmental impacts.

**EPEAT**
A global rating system for greener IT products. Categories currently include computers, screens and printers with servers and mobile phones due to be added in the future. EPEAT encompasses key factors, such as material recycling, product longevity and energy efficiency with gold, silver and bronze ratings being awarded.

**TCO Certified**
An international sustainability certification for IT products and includes a wide range of criteria, which helps to ensure the manufacturing process takes into account environmental and social impacts.

**80PLUS**
A voluntary certification that enables IT manufacturers to have their product power supplies tested for energy efficiency. Operated by CLEAResult Plug Load Solutions, the scheme includes multiple levels of certification from basic to titanium, which organisations can use during the product selection process.
To minimise impact and maximise value, ethical procurement principles need to be applied across the entire product IT lifecycle. Sourcing is just the first challenge - organisations also need to evaluate how they build, provision, operate and retire IT assets and the potential ramifications for CSR.

**Increase sourcing transparency**
Many IT devices include a range of ‘conflict materials’, including tin, tungsten and gold, which can result in worker exploitation and even fatalities. Greater supply chain transparency and controls by manufacturers help to ensure these minerals are sourced responsibly, so their products can also be considered conflict-free. When procuring new IT devices, organisations should verify that vendors meet current US legislation surrounding conflict materials and proposed new EU laws due to come into force in 2021.

**Ensuring a trusted build**
Counterfeit hardware, grey market components and malware can all inadvertently be introduced to a product during the build process. And they can all have a detrimental impact on system interoperability, user productivity and data security. A number of IT vendors are now offering assurance schemes, which means organisations can be confident of the integrity and authenticity of products that they purchase. These schemes can also help to address the issue of bloatedware where devices are loaded with unnecessary software by vendors or distributors.

**Optimising IT asset provisioning**
Product integrity still needs to be assured after an order leaves the manufacturers’ warehouse. The complexity of some IT supply chains means that there are a number of points when shipments could be tampered with. Some assurance schemes enable organisations to compare a snapshot taken on the production line with a snapshot taken during the first boot-up, which helps to identify if any elements have changed. Ethical procurement should also be extended to other provisioning factors such as excess packaging, ‘green’ delivery vehicles and fulfilment centres, disposal of old IT assets and the use of zero-touch deployment methodologies to minimise the need for engineers to travel to different sites.

**Minimising operational impacts**
The ongoing focus on climate change means that reducing carbon emissions remains a top priority on the CSR agenda. Deploying more energy-efficient IT assets can help organisations cut both power consumption and costs and lower their overall carbon footprint.

**Enabling responsible retirement**
End of life IT assets can be recycled or reused to help minimise the volume of waste sent to landfill. By working with a specialist hardware processing partner, organisations can not only improve their CSR performance but also exploit any residual financial value in redundant devices.

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**THE BIG PICTURE**

Unlock efficiency and cost savings with an end-to-end approach to ethical procurement

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**EVALUATING AN IT PARTNER’S ETHICAL PROCUREMENT CREDENTIALS**

- Add CSR criteria to contracts and tenders to encourage compliance
- Check if products carry industry certifications and/or vendor labels that demonstrate adherence to CSR best practices
- Develop a consistent approach for supplier assessments based on global reporting frameworks, such as the Global Reporting Initiative and the UN’s Sustainable Development Goals and Global Compact
- Use weighted scorecards to rate suppliers and award additional points when minimum expectations are exceeded
- Ensure supplier and product CSR data is leveraged and shared, with any issues around non-compliance highlighted to the relevant stakeholders
- Develop an evaluation matrix that enables the technical specification and price of a product to be assessed alongside CSR scores
- Establish an ongoing audit process for IT suppliers and products sets focused on encouraging continuous improvement
IT vendors and service providers pioneer new ethical procurement practices

Embedding ethical procurement principles throughout the IT lifecycle is getting easier with manufacturers, resellers and service providers all increasingly recognising the importance of CSR.

As well as adhering to industry standards, some IT vendors have taken things one step further by introducing their schemes and ratings to help organisations adopt ethical procurement best practices more quickly and easily.

Intel is a pioneer in this space, providing customers and resellers with products that feature an unprecedented level of accountability and traceability. The Intel Transparent Supply Chain brings together a set of policies and procedures implemented at its factories to enable organisations to validate where and when every component of an 8th generation, or later, vPro client device processor.

Products can then be certified, confirming authenticity, which enables organisations to verify the original components have not changed during transit or at any other point in the supply chain. This service can only be offered when enabled by hardware vendors at the point of manufacture.

HP has also developed a Product Cybersecurity Standard to protect the integrity of its PCs and printers. As well as ensuring that electronic parts are sourced responsibly, the framework covers software installation, product design, transportation and outsourcing with all suppliers expected to meet stringent standards. As a reseller and an IT services provider, Computacenter has relationships with numerous hardware and software vendors.

As part of our CSR commitment to customers, we work with our partners to ensure they meet a range of ethical procurement standards. IT vendors have to pass a series of tests before they can be featured on Computacenter’s approved product list.

As the focus on product integrity and sustainability grows, some IT manufacturers are starting to push the CSR boundaries even further. For example, ocean-bound plastics and recycled motherboards are now being used in PCs while carbon black from diesel pollution is being used to create ink to print on products and packaging materials.

Computacenter’s Corporate Social Responsibility Credentials

- We use trollies to reduce the waste associated with IT product deliveries and solar energy to power our UK Integration Center
- Our subsidiary, RDC, is Europe’s foremost processor of mobility, desktop and enterprise electronics hardware. In 2019, RDC processed around 700,000 IT assets, of which 70% were sold for re-use with the remaining 30% environmentally recycled.
- We apply ethical procurement rules when sourcing goods for our own business with employees following our group-wide Code of Ethics
- Computacenter has a zero tolerance approach to bribery and corruption and operates an external whistleblowing hotline for staff to report any concerns
A NEW ERA IN IT PROCUREMENT

Drive profitable growth without compromising the future of the planet

CSR started as a voluntary initiative; it’s now become a regulatory priority and is rapidly evolving into a strategic differentiator. One study found that leveraging social impact as a sales differentiator can be 13 times more valuable than traditional incentives, such as free product shipping.

As a result, investors, employees, customers, and partners are increasingly recognising that a stronger commitment to CSR can not only drive better outcomes for our planet but also better financial value for their organisation. Ethical procurement pioneers have already seen great results with 78% citing improved brand reputation and 55% reporting stronger supplier relationships. But this is just the tip of the iceberg.

By embedding ethical procurement across their IT supply chains, organisations can help to accelerate the adoption of policies that protect human rights, encourage fair labour practices and minimise environmental impacts. They can help build a fairer, greener and better world.

WHY ETHICAL PROCUREMENT MATTERS TO YOUR BUSINESS

- Improved brand reputation
- Fewer supply chain disruptions and better performance metrics
- Greater cost saving opportunities
- Higher ranking in ‘green’ financial indices
- Stronger and longer-lasting supplier relationships
- Easier to attract and retain talent
Sources
1. Multi-Country Consumer Study, 2018, SAP Ariba, 2018
2. Sustainable Procurement Barometer, HEC/Eco Vadis, 2017
3. Boston Consulting Group, 2019
About Computacenter

Computacenter is a leading independent technology partner, trusted by large corporate and public sector organisations. We help our customers to source, transform and manage their IT infrastructure to deliver digital transformation, enabling users and their business. Computacenter is a public company quoted on the London FTSE 250 (CCC.L) and employs over 15,000 people worldwide.

To find out how Computacenter can help you transform your IT procurement practices, please contact your Computacenter Account Manager, call 01707 631 000 or email enquiries@computacenter.com

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